

PERFORMANCE AUDIT
OF
KALAMAZOO VALLEY COMMUNITY COLLEGE

EXECUTIVE DIGEST

KALAMAZOO VALLEY COMMUNITY COLLEGE

INTRODUCTION	This report contains the results of our performance audit* of Kalamazoo Valley Community College.
AUDIT PURPOSE	This performance audit was conducted under the authority of Section 204(2), Act 295, P.A. 1998 (a section of the community college appropriations act), which mandates that the Auditor General conduct not less than three performance audits of community colleges each year.
BACKGROUND	<p>Kalamazoo Valley Community College is a public two-year institution of higher education. The College district includes the public school districts of Climax-Scotts, Comstock, Galesburg-Augusta, Gull Lake, Kalamazoo, Mattawan, Parchment, Portage, Schoolcraft, and Vicksburg.</p> <p>The College, established in August 1966, operates under the authority of Sections 389.1 - 389.195 of the <i>Michigan Compiled Laws</i>, commonly known as the Community College Act of 1966. It is governed by a Board of Trustees, consisting of seven members elected to serve six-year terms.</p> <p>The College's mission* is to incorporate the forces of education, technology, and enterprise to bring successful employees and techniques to the workplace; to promote</p>

* See glossary at end of report for definition

and stimulate the region's economic vitality; and to enhance the quality of life through the pursuit of learning and the development of human potential.

For the fiscal year ended June 30, 1999, the College reported current fund revenue (general, designated, auxiliary activities, and restricted funds) of \$37,541,247, expenditures and transfers of \$38,215,743, and enrollment of 4,769 fiscal year equated students. As of July 1999, the College employed 107 full-time faculty, 281 part-time faculty, and 253 full-time and part-time administrative and support personnel.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness* of the College's admission and monitoring practices to help students successfully complete their classes and programs.

Conclusion: The College's admission and monitoring practices were generally effective in helping students successfully complete their classes and programs. However, our assessment disclosed reportable conditions* related to college-level course enrollments and academic progress* (Findings 1 and 2).

Audit Objective: To assess the effectiveness of the College's efforts to evaluate the quality of its educational programs.

Conclusion: The College's efforts to evaluate the quality of its educational programs were effective.

* See glossary at end of report for definition

Noteworthy Accomplishments: The College was first accredited by the Commission of Institutions of Higher Education of the North Central Association of Colleges and Schools in 1972 and has retained its accreditation without interruption to the present. Also, the College was accredited by the Association of Collegiate Business Schools and Programs (ACBSP) beginning in 1998. ACBSP recognizes the excellence and integrity of business programs. The College's methods for evaluating the quality of education included developing an academic assessment plan, analyzing student licensure and certification examination results, establishing advisory committees for its occupational programs, and obtaining information through surveys of employers as well as students and graduates and from faculty evaluations.

In addition, the College developed its Performance Indicator System in 1996 for measuring outputs* and outcomes* to assist the Board of Trustees in assessing its progress in meeting its overall mission.

Audit Objective: To assess the effectiveness of the College's efforts to use its educational program resources effectively and efficiently* .

Conclusion: The College was generally making effective and efficient use of its educational program resources. However, our assessment disclosed reportable conditions relating to repetitive course enrollments and low-enrollment classes (Findings 3 and 4).

* See glossary at end of report for definition

Audit Objective: To determine whether the College complied with the Legislature's reporting requirements for education programs.

Conclusion: The College complied with the Legislature's reporting requirements for education programs.

Audit Objective: To evaluate the relevancy and accuracy of the most recent capital outlay program statement submitted to the Department of Management and Budget.

Conclusion: Our evaluation disclosed that the College's most recent program statement was generally relevant and accurate.

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of Kalamazoo Valley Community College. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of Kalamazoo Valley Community College are audited annually by a public accounting firm engaged by the College.

Our review and testing of the College records and procedures were primarily for the period September 1, 1996 through July 31, 1999.

We reviewed the College's admission process, evaluated the methods used for monitoring student progress, and analyzed the academic assessment and placement process.

We evaluated the College's efforts to assess the quality of its educational programs. In addition, we reviewed the methods used by the College to periodically assess the job training needs of the community's employers and determined whether the College had established procedures for evaluating and obtaining accreditation of its programs.

We evaluated the effectiveness of the College's efforts to use its educational program resources effectively and efficiently. We extracted student academic record information from the College's database for use in examining repetitive course enrollments, minimum class enrollments, and underage student enrollments. We reviewed the program and financial records for the At-Risk Students Success Program grants to determine whether the College complied with State requirements. We also reviewed the program statement, planning documents, and other pertinent information related to the College's most recent capital outlay project.

AGENCY RESPONSES

Our audit report contains 4 findings and 5 corresponding recommendations. The College's preliminary response indicated that it agreed with all 5 recommendations.

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July 24, 2000

Mr. Robert Kent, Chairman
Board of Trustees
and
Dr. Marilyn J. Schlack, President
Kalamazoo Valley Community College
Kalamazoo, Michigan

Dear Mr. Kent and Dr. Schlack:

This is our report on the performance audit of Kalamazoo Valley Community College.

This report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; and a glossary of terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the College's responses subsequent to our audit fieldwork. Annual appropriations acts require that the audited institution develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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Description of Agency

Kalamazoo Valley Community College is a public two-year institution of higher education offering academic, vocational-technical, and continuing education programs. The College district includes the public school districts of Climax-Scotts, Comstock, Galesburg-Augusta, Gull Lake, Kalamazoo, Mattawan, Parchment, Portage, Schoolcraft, and Vicksburg.

The College, established in August 1966, operates under the authority of Sections 389.1 - 389.195 of the *Michigan Compiled Laws*, commonly known as the Community College Act of 1966. It is governed by a Board of Trustees, consisting of seven members elected by the voters of the Kalamazoo Valley Community College district for six-year terms of office.

The College's mission is to incorporate the forces of education, technology, and enterprise to bring successful employees and techniques to the workplace; to promote and stimulate the region's economic vitality; and to enhance the quality of life through the pursuit of learning and the development of human potential.

The College receives its financial support from local property taxes assessed against property in the district, student tuition and fees, appropriations from the State of Michigan, and other miscellaneous income. For the fiscal year ended June 30, 1999, the College reported current fund revenue (general, designated, auxiliary activities, and restricted funds) of \$37,541,247, expenditures and transfers of \$38,215,743, and enrollment of 4,769 fiscal year equated students. As of July 1999, the College employed 107 full-time faculty, 281 part-time faculty, and 253 full-time and part-time administrative and support personnel.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of Kalamazoo Valley Community College had the following objectives:

1. To assess the effectiveness of the College's admission and monitoring practices to help students successfully complete their classes and programs.
2. To assess the effectiveness of the College's efforts to evaluate the quality of its educational programs.
3. To assess the effectiveness of the College's efforts to use its educational program resources effectively and efficiently.
4. To determine whether the College complied with the Legislature's reporting requirements for education programs.
5. To evaluate the relevancy and accuracy of the most recent capital outlay program statement submitted to the Department of Management and Budget.

Audit Scope

Our audit scope was to examine the program and other records of Kalamazoo Valley Community College. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of Kalamazoo Valley Community College are audited annually by a public accounting firm engaged by the College.

Audit Methodology

Our fieldwork was performed during September through December 1999. Our review and testing of College records and procedures were primarily for the period September 1, 1996 through July 31, 1999.

We reviewed the College's admission process and evaluated the methods used by the College for enrolling students in developmental courses* and monitoring student progress.

We analyzed the College's academic assessment and placement process by reviewing a sample of students enrolled at the College during the period from fall semester 1996 through summer semester 1999.

We evaluated the College's efforts to assess the quality of its educational programs. Also, we reviewed the methods used by the College to periodically assess the job training needs of the community's employers. Finally, we determined whether the College had established procedures for evaluating and obtaining accreditation of its programs.

We evaluated the effectiveness of the College's efforts to use its educational program resources effectively and efficiently. We extracted student academic record information from the College's database for use in examining repetitive course enrollments, minimum class enrollments, and underage student enrollments.

We reviewed the program and financial records for the At-Risk Students Success Program grants to determine whether the College complied with State requirements.

We determined if the College obtained the required State approvals for capital outlay or renovation projects (in progress during the period September 1, 1996 through November 30, 1999) in compliance with appropriations acts and State procedures. Also, we reviewed the College's program statement and other planning documents regarding its Arcadia Commons Phase 2/Instructional Arcade project and compared them with conditions present during the project's planning periods. This included examining pertinent information related to the project.

* See glossary at end of report for definition

Agency Response

Our audit report contains 4 findings and 5 corresponding recommendations. The College's preliminary response indicated that it agreed with all 5 recommendations.

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Annual appropriations acts require the principal executive officer of the audited institution to submit a written response to our audit to the House and Senate Appropriations Committees, the House and Senate Fiscal Agencies, the Department of Education, the Auditor General, and the Department of Management and Budget. The response is due within 60 days after the audit report has been issued and should specify the action taken by the institution regarding the audit report's recommendations.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

STUDENT SUCCESS IN COMPLETING CLASSES AND PROGRAMS

COMMENT

Audit Objective: To assess the effectiveness of Kalamazoo Valley Community College's admission and monitoring practices to help students successfully complete their classes and programs.

Conclusion: The College's admission and monitoring practices were generally effective in helping students successfully complete their classes and programs.

However, our assessment disclosed reportable conditions related to college-level course enrollments and academic progress.

FINDING

1. College-Level Course Enrollments

The College should improve its automated information system (AS400*) controls for monitoring college-level course enrollment of students with low placement test scores.

The College provides course placement testing in reading, English, and math for all new students. The College believes that students need this information to decide which particular courses give the students the best chance for success as they begin college. The College requires that new students who score below college level on reading, English, or math placement tests complete developmental courses as prerequisites for certain college-level courses. Developmental courses are intended to help students overcome identified weaknesses in reading, writing, and math skills. However, College staff will waive this requirement if students can demonstrate their academic competency for college-level work. Also, the AS400, which is used to gather, monitor, and control student data records including placement test scores, contains an "autowave" feature that permits students to

* See glossary at end of report for definition

enroll in college-level courses after they exceed placement test score criteria or register for developmental courses.

Our review of AS400 data for students with low placement test scores disclosed:

- a. Of 4,916 students with low English or math placement test scores during the period from fall semester 1996 through spring semester 1999, 769 (15.6%) did not take a developmental English or math course before enrolling in a college-level English or math course. Of the 4,916 students, 690 (14.0%) had received waivers from taking the developmental courses as documented on the AS400. However, 78 (1.6%) of the 4,916 students had enrolled in college-level courses without the AS400 indicating that the students had received waivers. The College had informed us that system controls prevented students from enrolling in college-level courses without waivers. The College also informed us that it was possible that a counselor had inadvertently deleted waivers from the AS400 for the 78 students. However, the College could not provide us with documentation to support the inadvertent deleting of the waivers.
- b. Autowave allowed students with low placement test scores to register for subsequent college-level courses without successfully completing developmental courses. For example, a student could register for a developmental math course during one semester, drop the course, and register for a college-level math course the next semester.

We reviewed student academic records for 100 of the 4,916 students with low placement test scores in either English or math. Of 100 students, 4 (4%) students enrolled in college-level courses although they had dropped, withdrawn from, or failed their required developmental courses.

As a result, the College's automated information system allowed some students with low placement test scores to enroll in college-level courses without demonstrating academic competency.

RECOMMENDATION

We recommend that the College improve its AS400 controls for monitoring college-level course enrollment of students with low placement test scores.

AGENCY PRELIMINARY RESPONSE

The College agreed with the recommendation for improving the automated monitoring of college-level course enrollment of students with low placement test scores. The College informed us that it is currently implementing an integrated software system and will explore options available for recording and monitoring placement test scores and waivers on the system.

FINDING

2. Academic Progress

The College should establish an academic progress policy and related procedures to help ensure students' academic success.

Academic progress is a student's progression toward completion of coursework required for a degree or certificate program. A written policy and related procedures for monitoring students' academic progress would help the College identify, on a timely basis, those students who are not making satisfactory academic progress and provide them with needed assistance. In developing an academic progress policy, the College could use certain criteria, such as grade point average and repeated courses, as indicators that a student may not be making satisfactory academic progress. Based on these indicators, the College could require applicable students to meet with a counselor to determine appropriate assistance.

The College had established required academic progress policies for students receiving State and/or federal financial aid and athletic scholarships. However, the College had not established an academic progress policy for all students nor had it established procedures to identify and monitor the academic performance of students who were not making satisfactory academic progress. We were informed that the College has an informal monitoring process. Faculty may request that the College's counseling office send a letter to a student who is not satisfactorily progressing in his/her coursework.

The 1997-99 College Catalog stated:

The College requires all students to maintain a minimum grade point average of 2.0 for all coursework attempted and provides a full range of counseling, tutoring, and academic

support services for students who fail to meet minimum standards. If you fail to maintain satisfactory progress, you may be subject to academic probation. You will automatically be placed on academic probation if your grade point average falls below a 2.0 for any semester.

The College informed students of counseling and tutorial services that were available; however, students only used these services on a voluntary basis. Therefore, the College had not implemented a control procedure to enforce its academic probation policy and ensure that appropriate students receive needed academic services.

Finding 3 of this report addresses repetitive course enrollments at the College. Such repetitive enrollments may be an indication, at least in part, of the need for a written academic progress policy.

RECOMMENDATION

We recommend that the College establish an academic progress policy and related procedures to help ensure students' academic success.

AGENCY PRELIMINARY RESPONSE

The College agreed with the recommendation and will consider establishing an academic progress policy.

EFFORTS TO EVALUATE THE QUALITY OF EDUCATIONAL PROGRAMS

COMMENT

Audit Objective: To assess the effectiveness of the College's efforts to evaluate the quality of its educational programs.

Conclusion: The College's efforts to evaluate the quality of its educational programs were effective.

Noteworthy Accomplishments: The College was first accredited by the Commission of Institutions of Higher Education of the North Central Association of Colleges and Schools in 1972 and has retained its accreditation without interruption to the present. Also, the

College was accredited by the Association of Collegiate Business Schools and Programs (ACBSP) beginning in 1998. ACBSP recognizes the excellence and integrity of business programs. The College's methods for evaluating the quality of education included developing an academic assessment plan, analyzing student licensure and certification examination results, establishing advisory committees for its occupational programs, and obtaining information through surveys of employers as well as students and graduates and from faculty evaluations.

In addition, the College developed its Performance Indicator System in 1996 for measuring outputs and outcomes to assist the Board of Trustees in assessing its progress in meeting its overall mission.

EFFORTS TO USE EDUCATIONAL PROGRAM RESOURCES EFFECTIVELY AND EFFICIENTLY

COMMENT

Audit Objective: To assess the effectiveness of the College's efforts to use its educational program resources effectively and efficiently.

Conclusion: The College was generally making effective and efficient use of its educational program resources. However, our assessment disclosed reportable conditions relating to repetitive course enrollments and low-enrollment classes.

FINDING

3. Repetitive Course Enrollments

The College should establish a formal, written policy that addresses repetitive course enrollments and their impact on academic progress and the College's allocation of resources. Also, the College should monitor repetitive enrollments and identify and counsel students with unsatisfactory academic progress.

Academic progress is a student's progression toward completion of coursework required for a degree or certificate program. The College informed us that it did not limit students in the number of times they could repeat courses. Thus, the College did not monitor repetitive enrollments taking into consideration student motivation, student need, and the total cost of providing the course.

We performed a computer analysis of students who were enrolled in classes from fall semester 1996 through spring semester 1999. The analysis of these students' academic histories disclosed 2,904 instances in which students enrolled three or more times in one or more of 231 courses. At least one of the repetitive enrollments for the students occurred during the period from fall semester 1996 through spring semester 1999.

The following schedule shows 14 courses with high repetitive student enrollments:

Course Number	Number of Students Enrolled Three or More Times	Range of Times Enrolled	Median
WPE282 Senior Exercise	415	3 - 33	7
WPE281 Senior Exercise	260	3 - 19	5
ENG110 College Writing 1	175	3 - 6	3
PSY150 Introductory Psychology	121	3 - 7	3
ART281 Art Painting	107	3 - 71	7
WPE201 Social Dance	101	3 - 26	6
WPE202 Swimming for Fitness	79	3 - 32	5
ECO201 Macroeconomics	70	3 - 6	3
WPE202 Weight Training/Fitness	60	3 - 32	3
BUS103 Business Computer Applications	53	3 - 6	3
MTH100 Intermediate Algebra	53	3 - 6	3
BIO110 Anatomy & Physiology	51	3 - 9	3
SOC102 Principles of Sociology	48	3 - 7	3
ACC101 Principles of Accounting 1	46	3 - 9	3

The fact that many of these courses have numerous repetitive student enrollments could, at least in part, be the result of the College's lack of appropriate automated system controls to monitor college-level course enrollments for students with low placement test scores. This condition was addressed in Finding 1.

The following schedule shows enrollment information for 19 students who frequently enrolled in the same course:

Student*	Course Number	Course Title	Number of Times Enrolled
1	ART281	Art Painting	71
2	ENG281	Creative Writing IV	69
3	ART281	Art Painting	53
4	ENG281	Creative Writing IV	43
5	WPE282	Senior Exercise	33
6	WPE202W	Weight Training/Fitness	32
7	WPE202F	Swimming for Fitness	32
8	ENG281	Creative Writing IV	30
9	WPE201N	Social Dance	26
10	AUT110	General Automotive Service	18
11	ART110	Ceramics 1	17
12	WPE201W	Water Aerobics	15
13	HRY281	Heritage of Southwest Michigan	14
14	ART224	Ceramics 4	11
15	MUS281	Music Interpretation	10
16	ENG111	College Writing II	9
17	BIO110	Anatomy & Physiology	9
18	ACC101	Principles of Accounting 1	9
19	SSI281	World Geography 1	8

* Many of the students were senior citizens for whom the College waived the tuition.

Repetitive enrollments may indicate a lack of academic progress. Also, because the tuition paid by the students covers only 23% of the total cost of a course, allowing students to repetitively enroll in the same course may affect the College's allocation of State, federal, and local tax dollars which provide funding for the remaining 77% of the cost of a course.

RECOMMENDATIONS

We recommend that the College establish a formal, written policy that addresses repetitive course enrollments and their impact on academic progress and the College's allocation of resources.

We also recommend that the College monitor repetitive enrollments and identify and counsel students with unsatisfactory academic progress.

AGENCY PRELIMINARY RESPONSE

The College agreed with the recommendations and will consider establishing a general policy regarding repetitive course enrollments. The College noted that budgetary constraints have been placed on senior enrollments where tuition is waived. Less than 1/2 of 1% is budgeted and spent on senior waivers.

FINDING

4. Low-Enrollment Classes

The College should enhance its class cancellation guidelines to include documentation standards and a review of fiscal related issues for low-enrollment classes.

The 1997-99 College Catalog contains a statement that the College may cancel classes at its discretion because of a lack of enrollment. The College developed informal class cancellation guidelines for use in reviewing low-enrollment classes. The vice president for instruction and the academic deans use the guidelines to review enrollment levels prior to the start of classes each semester to determine whether to hold or cancel the classes.

Our review of the class cancellation guidelines and related low-enrollment class issues disclosed:

- a. The class cancellation guidelines did not include documentation standards to substantiate compliance with the guidelines.

The College had not documented the reason(s) for holding low-enrollment classes. We were informed that the reasons for holding such classes included, but were not limited to, various conditions, such as the class was needed to graduate, the class was offered only once a year, or the class was a new course offering.

- b. The class cancellation guidelines did not include a review of fiscal related issues regarding low-enrollment classes.

Reviewing revenue and expenses associated with varying class sizes, including the number of tuition-paying students for the class to break even, would enable the College to make more informed hold or cancel determinations and, therefore, may provide for a better allocation of its resources.

RECOMMENDATION

We recommend that the College enhance its class cancellation guidelines to include documentation standards and a review of fiscal related issues for low-enrollment classes.

AGENCY PRELIMINARY RESPONSE

The College agreed with the recommendation and will consider establishing formal class cancellation guidelines.

COMPLIANCE WITH LEGISLATIVE REPORTING REQUIREMENTS

COMMENT

Audit Objective: To determine whether the College complied with the Legislature's reporting requirements for education programs.

Conclusion: The College complied with the Legislature's reporting requirements for education programs.

CAPITAL OUTLAY PROGRAM STATEMENT

COMMENT

Audit Objective: To evaluate the relevancy and accuracy of the most recent capital outlay program statement submitted to the Department of Management and Budget.

Conclusion: Our evaluation disclosed that the College's most recent program statement was generally relevant and accurate.

Glossary of Terms

academic progress	A student's progression toward completion of coursework required for a degree or certificate program.
AS400	The automated information system that contains the student records database.
developmental course	A basic course in reading, English, or math designed to correct a student's academic deficiencies prior to enrollment in college-level courses.
effectiveness	Program success in achieving mission and goals.
efficiently	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
mission	The agency's main purpose or the reason the agency was established.
outcomes	The actual impacts of the program. Outcomes should positively impact the purpose for which the program was established.
outputs	The products or services produced by the program. The program assumes that producing its outputs will result in favorable program outcomes.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or

function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.

reportable condition

A matter coming to the auditor's attention that, in the auditor's judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.